



# WHO WILL TAKE RESPONSIBILITY FOR THE FUTURE OF CALIFORNIA HIGHER EDUCATION?

A Statement by Clark Kerr



CALIFORNIA  
POSTSECONDARY  
EDUCATION  
COMMISSION



# Summary

In these comments to the California Postsecondary Education Commission, Clark Kerr explains why California higher education now faces the most severe financial crisis in its history, and he outlines four options before the State's colleges and universities

- 1 Continued budget cutbacks, with California's public institutions of higher education battling other State agencies and each other for the "unprotected" 15 percent of the State budget that the Legislature and Governor control,
- 2 Ad hoc and stop-gap palliatives by postponing faculty appointments, library acquisitions, plant maintenance, and other expenditures -- despite their long-term costs,
- 3 Leaving sole leadership on the future of higher education to the Legislature -- and then complaining about the Legislature's decisions, or
- 4 Assuming leadership in proposing solutions that should be brought to the attention of the State's policy makers, including the Legislature

"I believe that these few years of the middle '90s will be a defining moment in the history of higher education in the State of California," he says, "and that someone or some group in higher education now needs to step forward and take the responsibility and the burdens for its leadership." He proposes that during 1994 the major elements of California higher education undertake this task by developing a "Resource Master Plan for Higher Education." Appended to his statement is his suggestion for the development of that plan and an outline of some of the topics it might cover

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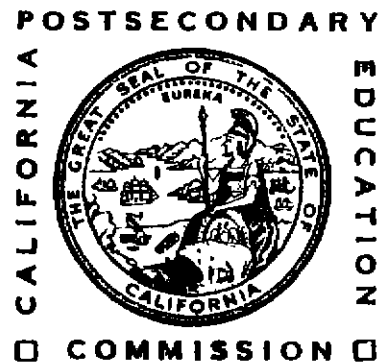
Clark Kerr served as chancellor of the Berkeley campus of the University of California from 1952 to 1958 and president of the University from 1958 to 1967 before chairing the Carnegie Commission on Higher Education and the Carnegie Council on Policy Studies in Higher Education. In 1959, he initiated what became the 1960 Master Plan for Higher Education in California. The State University of New York Press has just published his two most recent books, which he prepared in association with Marian L. Gade and Maureen Kawao-ka, *Troubled Times for American Higher Education: The 1990s and Beyond*, and *Higher Education Cannot Escape History: Issues for the Twenty-First Century*.

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to the California Postsecondary  
Education Commission*

*October 25, 1993*

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION  
1303 J Street ♦ Suite 500 ♦ Sacramento, California 95814-2938





**COMMISSION REPORT 93-21**  
**PUBLISHED OCTOBER 1993**

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# WHO WILL TAKE RESPONSIBILITY FOR THE FUTURE OF CALIFORNIA HIGHER EDUCATION?

A Statement by Clark Kerr

**I** APPRECIATE the opportunity to meet with you today. I have known the work of the California Postsecondary Education Commission for a very long time. In fact, I knew the Commission before there was a Commission. One of the reasons that we began work on the Master Plan in 1959 was to create some mechanism for higher education to help solve its own problems. The Commission is one result of that effort. It is the only agency bringing together the major segments of higher education, also with members representing the public, to act on issues that confront California regarding education beyond the high school.

## **The crisis in California higher education**

Since its founding, your Commission has issued many reports and taken action on many topics, but it has never faced a crisis of the magnitude that it now confronts. In fact, having seen California higher education since the depths of the Great Depression, when I was a graduate student first at Stanford and then at Berkeley, I can say that this is the most severe financial crisis that has ever faced higher education in California.

During the Great Depression, the situation of the nation at large was absolutely traumatic. A quarter of the population was totally unemployed, and another quarter was employed only half time or even less. Yet higher education got along pretty well. It was a rather small segment of society, mostly inhabited by people from the upper income groups who weren't so much affected by the Depression. From my sallies from campus into the real world -- including making a study of the bloody cotton-pickers' strike in the San Joaquin Valley during Fall 1933, and seeing people starving and their lives nearly destroyed -- I would return to the University as a virtual paradise. The reason was the differential impacts of the Depression: while the budget of the University of California fell by 25 percent over those years, the cost of living also went down by 25 percent. In real terms, the University was no worse off in 1939 than it had been in 1929. And there was no unemployment on campus.

Today, the situation for higher education -- but not for the nation -- is much more severe. In California since 1990, public four-year higher education has lost 23 percent of its state support in real dollars -- far beyond any comparable loss during the Great Depression or since. Even the retrenchments of the 1970s, although difficult, stemmed from a series of rather shallow and short-term recessions, lasting in all

about five years. Higher education was able to get through that decade by postponing new appointments, instituting early retirements, and cutting those budgets that would arouse the least opposition -- particularly library acquisitions and plant maintenance -- despite the long-term costs.

Now, California higher education faces conditions not only more serious than the Great Depression or the recessions of the 1970s -- but conditions that may get worse. Let me list them and then turn to what I think are the major alternatives or scenarios open to us.

- ♦ *The Lingering Recession*: First, of course, is the long continuing recession, not only in the United States but, making it worse, around the world. The major European industrial economies are running unemployment rates not of our 7 percent but of 10 and 11 percent, and as a result we cannot look to them to pull us up very much in the near future. Moreover, our slow rate of recovery from this recession is almost unprecedented.
- ♦ *The Severity of California's Unemployment*: Second, California is in the most drastic situation of any industrial state in the nation. We have had twice the proportion of military supply industries as the nation as a whole, and as they have been cut back, the State has been more seriously affected. Thus California has a 9.5 percent unemployment rate compared with the nation's 7.0 rate. But since the "normal" rate of unemployment in the country is about 5 percent, California's "surplus" unemployment over the normal rate is more than twice that of the rest of the United States.
- ♦ *Tidal Wave II*: Third, by 1997 we will face Tidal Wave II -- the grandchildren of the Second World War GIs. We know that Tidal Wave II will be about the same absolute size as the first tidal wave of students during the 1960s -- after all, its young people have already been born -- but it will be somewhat smaller in percentage terms, and it will be spread out over the next decade and one-half, in contrast to the more sudden surge of Tidal Wave I immediately after the Second World War.
- ♦ *Lagging Productivity*: The fourth and final problem -- and the one that bothers me the most, is what is becoming the sickness of the whole world -- lagging increases in productivity. At the time of the Master Plan in 1960, annual increases in productivity -- whether measured as output per man hour, per man year, or per member of the population -- were running at 3 percent, and the Master Plan Survey Team assumed that they would continue at that rate indefinitely. I was not that optimistic. I assumed a drop back to 2 percent -- the historic rate from the Civil War to World War II. Unfortunately I was right. Annual increases dropped from 3 percent to 2 percent -- and then to 1 percent and in some years fell to zero. And what you don't produce, you cannot consume.

Let me note how much difference this stagnation in productivity means. On a cumulative basis, at a 3 percent rate of increase -- as we had during the 1950s and the

'60s -- we double our standard of living every 25 years, in less than one generation. At a more normal 2 percent rate, we double it in every 40 years -- still well within a lifetime. But at 1 percent, our standard of living doubles every 75 years, and at zero, it never doubles.

In order to maintain our expectations of an increased standard of living in the United States, as experienced between the end of World War II until the early 1970s, we have almost doubled the percentage of women in the labor force, and almost overnight in the 1980s we turned the country from being the largest creditor nation the world has ever known to being its largest debtor nation. We also tried cutting back on our infrastructure -- including our schools as well as our highways -- in order to try to maintain what we thought was our promised future. But that dream has continued to unravel.

Most serious of all, the prospects for increased productivity are really quite uncertain. Some encouraging possibilities exist in biotechnology, new types of materials, the expanded use of electronics, and new ways of using energy, but other prospects are discouraging. In particular, we have become a service economy instead of a production economy. Our production industries -- agriculture, manufacturing, transportation -- have traditionally been our greatest sources of increased productivity. Now, however, we spend considerably more than half of our resources on the service sector, which tends to be stagnant in terms of productivity -- largely because of its handicraft nature. And in terms of productivity, higher education is as stagnant as any part of that service sector. From statistical evidence that goes back to the first decade of this century, it has never raised its productivity along with that of society in general. The health industry has also been stagnant. In fact, in a recent article, William Baumol of New York University -- the leading student of American productivity -- predicts that by the year 2040, half of our national income will have to go to maintain our health care and educational systems if trends continue at their current levels. In his words, we are becoming a nation of "the stagnant services." Thus, even when this current recession is past and California has been able to restructure its economy, we may still face the problem of a lack of productivity to support our changing society.

For the nature of the changes in society, look at the increasingly competitive demands for public resources not only for universal health care and the rising costs of the welfare system -- a quarter of our children are now living in poverty -- but also to respond to a crime rate higher than any other in the industrial world. To meet the demands for supporting criminal justice in California over the last ten years, the State has doubled the proportion of General Funds going to corrections -- from 4 to 8 percent. It happens that this four-percentage-point increase is the same amount that higher education has lost -- from 13 percent of the General Fund down to 9 percent. It's a sad commentary on the state of our state that we should be doubling the proportion of expenditures on prisons and cutting expenditures on higher education by one-third. A better future for California does not lie in corrections; it lies in the skills that higher education creates and the knowledge that it produces. No



one can object to strengthening criminal justice, but if there is one way that California is going to recover from its economic malaise, it is by having higher skills and better knowledge -- and that is what higher education is charged to produce

In summary, I must say to the members of this Commission that, much as your predecessors were faced with major difficulties and problems, the conditions they faced bear no comparison whatsoever to the crisis you now face

#### **Options for the future**

What are the options before you? And before California? Let me outline four of them

1 *Continued Cutbacks* One alternative future for higher education was presented to the joint meeting of the Regents and the Trustees on October 13 -- the first joint meeting of the two boards in the history of California -- by Tom Hayes, the former Director of Finance for the State of California. His words need to be taken extremely seriously. He said, "The Master Plan is broke, and it can't be fixed." He explained a statistic with which you are already familiar -- that the Governor and Legislature fully control only about 15 percent of the State's expenditures, with the other 85 percent protected before they ever meet. This 15 percent of the budget with which they can work -- the "unprotected" 15 percent -- includes not only the budgets for the California State University and the University of California but also the administrative operation of State government. Over lunch after the joint meeting, I said to Mr. Hayes, "When you say that the Master Plan is 'broke,' you don't mean that it doesn't work. It *does* work, it has given us the best system of higher education in any state in this nation or any nation in the world." And he agreed -- he meant that the Master Plan was broke financially in that there is not enough money for it. He went on to say that higher education is in "a battle of knives" with other agencies for the unprotected 15 percent -- and that "higher education has no knife." There's great truth in his metaphor. And so, one option is continued decline as a result of fiscal cutbacks.

2 *Ad Hoc Palliatives* Another scenario that we face is one of "ad hoc-ing" it, as we did in the 1970s. In "ad hoc-ing," we've once again been cutting purchases of books that we'll never get back, we've been cutting maintenance of buildings that will only cost more money in the future, and we've put in early retirement plans that have lost us some of the best and most devoted people in our institutions. The University and State University systems have tried to do a good job finding ways to cut their budgets that don't cause problems in the short run, but they cannot ad hoc it very much longer. Tidal Wave II is coming, and there is no way to ad hoc our way through it.

3 *Leaving It to the Legislature* Last May, the Assembly Committee on Higher Education asked me to speak, along with Dean McHenry of Santa Cruz and "Chuck" Young of UCLA (all of us had been involved in the 1960 Master Plan) on behalf of higher education at a special "roundtable" session. The Committee had before it a

bill which had in it many proposals -- including mandated teaching loads -- that the University of California could not have accepted without losing its constitutional autonomy. We asked the Committee not to go ahead with that bill before giving higher education a chance to make proposals to take action on its own. We explained that during the late 1950s, the Legislature had before it some 25 bills to settle the problems of higher education. At that time, Roy Simpson, the Superintendent of Public Instruction, and I had pled with the Legislature to give the educational community a chance to come up with a plan for legislative consideration and, through the Master Plan, we did. Thus we asked the Committee that, once again, before it moves to take on issues that are very complex and where its actions might be resented and resisted by higher education, it give the educational community a chance to make proposals. The Committee's current chair (Marguerite Archie-Hudson) and its past chair (John Vasconcellos) were both there and responded affirmatively.

In June, I carried that same plea to the governors and legislative leaders of the southern states at the annual meeting of the Southern Regional Education Board -- by all odds the best of the nation's interstate agencies of higher education because of the participation of the governors themselves in its deliberations. By that time, legislatures in 24 other states besides California had before them bills to mandate either teaching loads or external audits of teaching loads. I said that, before the governors and legislatures move in, they ought to give higher education in their states a chance to work out their own solutions. The reaction I got was very polite -- a number of the participants are my friends and they display Southern courtesy. But some of them said that while it was all well and good for me to ask them to do so, in their states higher education was not ready to take responsibility for itself. And why wasn't it ready? "Because it moves so slowly." Others said that in their states, higher education was not willing to take responsibility. Why? Because it was easier to let the legislature and governor take the responsibility "and then sit back and bitch about it" rather than taking responsibility itself. And still others said that, in their states, higher education was not able to do anything because there has been such a deterioration in influence and authority of trustees and presidents that they couldn't take action, even if they were ready and willing to do so.

I replied, "You're making these statements, but can you prove it? Have you tried giving higher education a chance? Why don't you do that first?" And so they said, "Well, that might be the nice thing to do, but we don't expect very much from it." And I said, "Until higher education has been given a chance to solve its own problems, it would be a terrible mistake for the states across this nation to step in."

That was the message I also carried on October 13 to the Regents and the Trustees here in California in their joint meeting. In my presentation, attached as an appendix to these present remarks, I asked them to consider participating during 1994 in the development of a new "resource master plan for higher education." And that brings me to my fourth scenario.

4 *Leadership from Higher Education* Under this scenario, higher education would take the lead in trying to exercise influence over its future by coming up with proposed solutions -- not all of which lie under its control -- that should be brought to the attention of the state's policy makers. I am convinced, or I wouldn't be here, that higher education can take on this responsibility. We can come up with a viable plan, as we did in 1960. Rather than just saying that unless we receive more money, we will slam our doors in the face of all the people who have counted on open doors, we should agree that there are better ways we can use limited resources, not just in higher education but in secondary school, and find more resources. We waste one year of many students' lives in high school. Why not make use of that "goof-off" year? Why not make better use of students' time in college, including a three-year degree for many of them? Why not seek access to financial resources other than those of the state -- through gifts, patents, federal funds, and tuition for those students able to pay? Why not make more use of our independent institutions through more funds funneled through our state financial aid program? Why not increase cooperation among the segments? Why not seek faculty leadership for a review of actual teaching loads, in order to improve equity among faculty members as well as to ensure the most effective use of resources? There are lots of things we can do. There are many ways in which higher education, including the Postsecondary Education Commission, can take leadership. The opportunity is there. What I'm not yet fully convinced of is that higher education will take full advantage of the opportunity. But I am encouraged about the prospects.

In summary, I believe that these few years of the middle '90s will be a defining moment in the history of higher education in the State of California, and that someone or some group in higher education now needs to step forward and take the responsibility and the burdens for its leadership.

- We don't want to go down the drain that Tom Hayes has presented to us by being cut and cut and cut -- and doing too little about it.
- We cannot handle Tidal Wave II by continued ad hoc solutions.
- We really don't want the Legislature, all by itself and without our participation, to mandate our future.
- So the question is, are we going to take responsibility ourselves?

I'm here to say that I think we can. Just as we did in 1960, we can seize some control of our own future, not just for our own sake but for the sake of the State of California, for the sake of our society that needs the skills and knowledge we provide, and for the sake of all the young people (and their parents) who have believed in us when in the Master Plan we said that there would be a place for every one of them who qualified for admission. We were the first state in the first nation in the world to make that promise, and we can be the first to reaffirm that promise -- despite our difficulties.

- References**     Baumol, William “Social Wants and Dismal Science   The Curious Case of the Climbing Costs of Health and Teaching ” *Economic Research Reports* RR#93-20 New York   C   V   Starr Center for Applied Economics, New York University, May 1993
- Kerr, Clark   “Preserving the Master Plan -- What is to be Done in a New Epoch of More Limited Growth of Resources?” A Statement to The Trustees of the California State University and The Regents of the University of California, October 13, 1993   Berkeley   Institute of Industrial Relations, University of California, Berkeley, October 1993 (Reproduced below)

## APPENDIX

# PRESERVING THE MASTER PLAN WHAT IS TO BE DONE IN A NEW EPOCH OF MORE LIMITED GROWTH OF RESOURCES?

A Statement to The Trustees of the California State University  
and The Regents of the University of California  
October 13, 1993

**P**UBLIC higher education in California, and in the nation to a somewhat lesser extent, has entered a new epoch defined by (1) more limited resources coincidental (2) with expanded needs. The more limited resources are not because of any lack of merit by higher education. Higher education has not been a failure. In fact, it has been and is a great success.

*The Success of Higher Education* Among major segments of American society, only two can be said, without qualification, to be the best in the world: our military establishment and our higher education system, not any longer our steel industry, nor our automobile industry, nor our electronics industry, nor our health care system, nor our child care system, nor our primary and secondary schools, nor our system of criminal justice, nor our network of physical infrastructure. Take note of the following:

- We offer higher education to a greater proportion of our youth than in any other nation.
- We provide the greatest range of choices of colleges and universities.
- Our community colleges stand open to elsewhere unheard-of numbers of citizens.
- Our state colleges and universities serve the labor market in its totality more responsively than anywhere else.
- Our research universities are preeminent in the world, and one-half of all new research output is American in origin.

And California leads the way within the United States. California, under the Master Plan, was the first state (or nation) to provide universal access to higher education for all high school graduates or persons otherwise equally qualified. California has five of the top twenty research universities, private and public, in the United States, and five of the top thirty in the world. No nation in the world, other than the United States, has that many. The California State University system is the nation's leading source of teachers, engineers and other high skills. Our community college system, for over 50 years, has been a model for the nation.

Yet, higher education in the United States and in California, and particularly public higher education, is even more depressed than the economy. In 1992-93, support for higher education by the 50 states had gone down by about 7 percent nationwide in real dollars compared to two years before, and in California by 18 percent. The national GNP, however, went up 1 percent on the same basis of real dollars for the same period. When and where else in American history has such comparative great success ever been followed by such comparative deprivation?

*The Failures of the Economy* What we face in the economy is currently putting great pressures on state authorities, on trustees and regents, on academic leadership. Is this current crisis just a temporary blip on the academic seismograph? I doubt it. This is what we face.

- Nationally, a prolonged recession

- In California, a necessary restructuring of the economy beyond that in any other major industrial state
- World-wide, the greatest stagnation of productivity growth since acceptable statistics have been available. Recently, in the United States and roughly paralleled worldwide, the record of output per person has been

|             |            |
|-------------|------------|
| 1950 - 1960 | +3 percent |
| 1960 - 1970 | +3 percent |
| 1970 - 1980 | +2 percent |
| 1980 - 1990 | +1 percent |

At 3 percent, we double our standard of living every 25 years, at 2 percent every 40 years, and at 1 percent every 75 years. In an effort to prolong the expectations built on a 3 percent rate, we have nearly doubled the proportion of women in the labor force, and we have turned this nation from the greatest creditor to the greatest debtor nation in the history of the world. Neither of these adjustments can be so available in the future.

*The Crunch* The demand side for resources is equally ominous, with explosive increases in the cost of health care, in the cost of welfare, in the cost of corrections, in the burdens of an aging population—all competing for resources with higher education.

Higher education also faces an explosion of its own. It needs additional resources to support expansion deriving from three sources:

- Tidal Wave II—the grandchildren of the GIs—that starts in 1997 or 1998
- The high rate of return to a college education that carried us through the expected “demographic depression” of the 1980s with an actual increase in enrollments, and this high rate still continues. (The earnings premium for a college education over high school rose from 40 percent in 1980 to 85 percent in 1988.)
- In California, the rise in the numbers of minorities in general, and their increased participation in higher education in particular, and they are on their way to being a majority.

The new epoch—fast growth in the demand for higher education contrasted with slow growth in the prospective supply of new public resources available for higher education.

- Crisis 1 The general recession in the nation—the worst of it probably now over
- Crisis 2 The specific recession in California—the worst of it probably still to come as defense industries and installations decline
- Crisis 3 Tidal Wave II and related developments in enrollment—still to come and lasting for perhaps 15 years and at least equal in absolute amount to Tidal Wave I but much lesser in proportion to base levels and spread over a somewhat longer period of time. The peak of Tidal Wave I was from 1965 to 1975
- Crisis 4 The productivity stagnation that started about 20 years ago and still continues—prospects uncertain

Crises 1, 2 and 3 are inevitable and, in their totality, will last at least to 2010.

The fourth crisis is more problematical. There are several favorable possibilities: successful further use of existing knowledge in electronics, new knowledge including in biotechnology and use of new materials (perhaps particularly ceramics), and better ways of creating and using energy. But there are also unfavorable possibilities: the productivity rate of R&D, as measured by new patents in relation to R&D expenditures, has fallen over one-half since 1975 (*AEA Papers and Proceedings*, May 1993), and employment in the more productivity-prone segments of the economy (including manufacturing, agriculture and transportation) is only 30 percent of total employment in 1990 as against 60 percent in 1950, while “handicraft” employment (as in education, health care, service trades, construction and government), where there is no mass production, has gone from 40 percent in 1950 to 70 percent in 1990. The historically more “stagnant services,” as they have been called (Baumol, May 1993), with their low productivity increases, now dominate the economy.

Higher education faces the new epoch with four internal handicaps and these must be understood:

- 1 Except for short periods, as in the Great Depression and the OPEC crisis in the 1970s, it has never had to be so highly cost conscious (for example, real expenditures per student in 1990 dollars rose from \$2,700 in 1930 to \$7,800 in 1990),
- 2 So many of its decisions, as, for example, class size and teaching loads, are set at departmental levels far

removed from the presidential level which is under the most direct pressures in the procurement of resources,

- 3 "Crass" considerations of effective use of resources have not traditionally been highly regarded in the academic community and a few elements of that community do not yet accept the new realities of scarcer resources, and
- 4 Academic decisions are mostly made by consensus and it is difficult to get a consensus to cut

These handicaps need to be acknowledged and accepted as facts. The academic process of adjustment to resource constraints can be a traumatic experience. However, higher education needs to acknowledge that many other segments of American society are also experiencing similar adjustments

At this point I should like to enter two notations in advance of the succeeding discussion

*Multiple Assignments of Higher Education* One notation is that higher education serves the economy and equality of opportunity, as the preceding and subsequent comments emphasize, but it has other important purposes including strengthening the effectiveness of the democratic political system, making it more possible for more people to cope adequately with decision making in the conduct of their total lives, and enabling more people to participate more fully in the cultural life of society

*Labor Force Deficiencies* The second notation is that the labor force of the nation has great strengths (it is overall the most productive in the world), but also some specific weaknesses including many high school graduates who lack high school level competencies in language and numerical skills, a deficit of training opportunities for the skilled crafts, the absence of all-around skills to participate in "team" approaches to the management of production, the shortage of highly qualified persons in "social firing line" positions, as, for example, policemen, and the inadequacy of academic concentration on "polytechnic skills" in actual performance "on the floor" by teachers, engineers, managers and others. The latter three are the particular responsibility of community colleges and of four-year colleges and universities. All levels of higher education need to develop much greater coordination with the high schools

*What Is To Be Done?* Alternative approaches, which have worked well in the past, include

- Take it year by year and hope for the best. This works well in good years
- In individual bad years, cut expenditures on an ad hoc basis where there are the fewest immediate powerful protests (plant maintenance, book acquisitions, new hires, early retirements) as we mostly did across the United States in the 1970s. This has its long-run costs, and works acceptably only if the bad years in succession are limited—perhaps not more than five as in the 1970s—and are not all that bad

But suppose there are ten or twenty really difficult years in prospect, what then? Again there are alternatives

- Take it year by year, delaying the harder decisions as long as possible. This has much to recommend it. The passing years are educational, and hard decisions are easier to make when the gravity of the situation has become clearer to more and more of those directly involved. Decisions are spread out over more time and over more decision-making units. Also, something may turn up
- Face the future all at once. This can overload the decision-making process but it makes possible more of a consideration of alternative strategies with less attention alone to current tactics. It is easier to see solutions in relation to each other, but the process of decision-making has to be greatly speeded up and this puts heavy burdens on the traditional consultative process. This total approach takes both foresight and confidence in the capacity to find overall solutions

The latter course of facing-the-future-all-at-once was the one chosen by higher education in California in the Master Plan of 1960. The Plan helped to give California the best system of higher education of any state (even of any nation) in terms of both access and quality. We then looked ahead nominally to 1975 but actually to 2000, particularly in our decisions about how many new campuses there should be for each segment, and we made plans which actually will carry us to the year 2000. But it was not easy. At one point, the effort nearly collapsed.

Once again, I am convinced that a larger and more comprehensive approach to the future is needed—perhaps not 40 but 15 or 20 years ahead, and not over as

wide a range of issues. Tidal Wave II, all by itself argues for such an examination.

But the situation in 1993 is quite different from what it was in 1960 when we originated the Master Plan. Then the major issues were differentiation of functions among the segments, admission policies among the segments, the number and location of new campuses, and mechanisms for coordination. The availability of resources was taken for granted. It was assumed that "productivity per man hour will continue to rise at approximately the average rate of recent years"—which was 3 percent. It has not. That is what makes 1993 so different from 1960.

Can we maintain the Master Plan in general, and access and quality in particular, into the future? I assume that the almost universal answer is that we should if we possibly can. Access was a promise to the people of the state on which millions of parents and hundreds of thousands of young people have counted. It was a promise made by the Legislature, by the Governor, by the UC Board of Regents and by the then new CSU Trustees. Access is even more important now, not only because a promise was made but also because the labor force requires more education than in 1960, and because equality of opportunity is even more important. To slam the doors now would be a moral, economic and political tragedy for this state.

Quality is also important. New knowledge and higher skills have been two great driving forces behind rising productivity in the United States historically—40 and 20 percent respectively (additional capital investment has added another 20 percent). This State of California, in particular, has demonstrated the importance of new knowledge and higher skills in agriculture, in electronics and in defense industry historically, and in biotechnology currently.

And if California cannot maintain access and quality in higher education, it will be a sad omen for the future of California (and of the United States). Who wants to assume responsibility for that possibility? The Trustees? The Regents? The Legislature? The Governor? We face a potentially explosive situation both politically and economically.

*A Resource Master Plan.* So I suggest that we may wish to consider, as a bulwark for continuation of the Academic Master Plan for Higher Education of 1960, a new Resource Master Plan for Higher Education of 1994. This will not be easy. There are some issues

even more controversial and sensitive than those in 1960. The bottom lines of some of the most interested parties are different from each other when confronting resource issues, and these differing bottom lines add great complexities to the tasks of those in state government and in higher education who have the responsibility of trying to reconcile them. These partially inconsistent bottom lines include:

- For students and their parents: Access, quality and availability of instruction, and costs that rise no faster than the general cost of living.
- For faculty members: Fully competitive salaries, no substantial increases in teaching loads, full faculty participation in academic decision-making and, of course, quality.
- For the economy: A skilled labor force, and the highest levels of new technology.
- For political authorities: Access, quality of instruction and research, and lowest possible reasonable costs.
- For trustees and regents: Access, quality, and a fully reasonable level of state support.

This variation in goals and the multiplicity of concerned parties makes a resource plan even more difficult to achieve than the academic plan of 1960. This suggests that the use of resources may best be examined by itself, leaving aside other possible issues affecting higher education, and, in any event, most of higher education in California is healthy and functioning well.

This proposal of a resource master plan is not to suggest that much has not already been done, and even more is being planned, by higher education at the campus and system levels—some of it quite impressive. Attention has been given by faculty members, by administrators, by trustees and regents. What has already been done is noteworthy since the new epoch came upon all of these participants rather suddenly, immediate adjustments had to be made under great pressures of time, and long-term prospects were less clear than they now are. I see now a clear willingness to undertake a total look at resources at all internal levels of leadership. We are particularly fortunate in the cooperative relationships at the highest levels of UC and CSU. Advantage should be taken of this highly important development. We now also have in place a coordinating mechanism which we did not in 1960.



Some actions can be taken at campus levels—and some are being taken. Some actions can be taken at system levels—and some are being taken. Other actions can best be undertaken between the CSU and UC systems together, some actions along with the community colleges and along with the private sector of higher education, some along with the State Board of Education, some along with and by the Governor and the Legislature.

The Master Plan was a plan but it was also a process. It was a process that involved UC, the state colleges (as they were then called), the junior colleges (as they were then called), the private colleges and universities (the chairman of the planning committee was chosen from the private sector), the office of the Governor, committees of the Legislature (the act was named after one chairperson—Dorothy Donahoe). Fortunately, there was an almost universally recognized and overriding common goal, and that was the general welfare of the citizens of California. Also, everyone had something to gain, but everyone also had concessions to make. The process was more important than the Plan, for without the process there would have been no Plan. I think it would be wise to follow a similar all-inclusive process once again. Such a possibility was discussed with the Assembly Committee on Higher Education, under the leadership of Marguerite Archie-Hudson, this past May at a “roundtable” in Sacramento, and met a very positive reception.

I am listing below some of the major issues I have heard under discussion within higher education in California. This list of issues makes these points:

- 1 There is much to talk about
- 2 There is no “magic bullet” that will solve all problems, but there are many possible remedies that, in their totality, can constitute a major cure
- 3 The blame for and the burden of solutions cannot be placed on any one group of participants or any one segment of higher education
- 4 All participants and segments can and should make contributions to the solutions: students and faculty members, the Governor and the Legislature, UC, CSU, the community colleges, and the independent colleges and universities. So we must all work together.

Potential major agenda areas covering issues already under discussion might include:

- 1 Consideration of highest priorities for higher education
- 2 Consideration of best mechanisms for implementation
- 3 Greater access to non-state resources
- 4 More effective use of student time
- 5 Fairer competition for higher education in obtaining state resources
- 6 Redistribution of state resources among segments
- 7 Better use of resources within segments under leadership by the segments
- 8 Careful study of new facilities

(A more detailed list of these issues is appended.)

*A Great Opportunity* The academic plan of 1960 took one year to complete. A resource plan, if attempted, might start this time by asking selected groups to set forth their concerns: the Governor’s office, legislative committees, Trustees and Regents, faculty instrumentalities, unions of non-academic employees, student associations, among other groups. The major participants would be, it seems to me, the four segments of higher education in association with CPEC, and with the concurrence and encouragement and consultation of the Governor and the Legislature. The two boards which meet here today, as the Board of Regents and the State Board of Education did in 1959, might wish to initiate the process by their joint actions.

Higher education is not fighting for survival—that is assured. It is fighting for its soul defined as service to equality of opportunity (student access) and to the discovery and dissemination of knowledge (academic quality), and with higher education taking the main responsibility for guiding its own future (institutional autonomy). The OECD study of the Master Plan said that it was “a distinctive attempt to reconcile populism with elitism,” and an effort to combine “equality with excellence.” “Logic was superimposed on history” by integrating “both populist and elitist forces into one system” (p. 36). We did make history then by superimposing our logic on the uncertainties of unguided history. Once again, California higher education can assume charge of its future and, in doing so, not only benefit itself and the citizens of California but also become a model for the nation (and, perhaps, beyond).

Higher education earns and retains and expands its autonomy by the quality of its performance in serving society. The burdens of advancing the long-term and overall performance of higher education rest heavily on its "guardians" (trustees and regents) who have the basic legal responsibility, and on its administrative and faculty leaders, along with the elected leaders of the State of California. Some times test the quality of perfor-

mance more than others. It is during such times that responsibility becomes more concentrated. What now lies ahead is one of those times. It is a time for higher education to confront reality, and to take leadership in preserving promised access and academic quality within the context of slower growth of resources. If it does so, higher education in California can continue to be the best in the world. It can be done.

### A Summary of Issues Now Under Discussion

#### 1 *Consideration of highest priorities for higher education*

In research

In instruction (for example, "polytechnic" and "social firing line" occupations)

In assurance of long-term viability

Fully competitive faculty salaries

Full maintenance of libraries and laboratories

Full maintenance of plant and equipment

Full vitality of the most essential high utilization core departments

#### 2 *Consideration of best mechanisms for implementation*

Selective versus across-the-board policies

Discussion versus dictates

Self-governance by higher education. General guidance and rewards versus line-item controls. The state supports in total what it judges essential and possible. Higher education given freedom to distribute its total resources as it judges best.

#### 3 *Greater access to non-state resources*

Gifts

Patents

Federal support of more of faculty research time

Tuition—noting the high current rate of return to a college degree

#### 4 *More effective use of student time*

In high school

Advanced placement courses

Testing out

In college

Summer sessions

Extension courses

At home

Creation of an "open college" by CSU and "distance learning" programs by UC, as in engineering. (Here new technology can be cost effective. On campus, thus far, as in health care, it has added to costs and to quality.)

A three-year undergraduate degree for some students is a distinct possibility

5 *Fairer competition for higher education in obtaining state resources, and more control by the Governor and Legislature over all state expenditures*

This is the most important single item in the more effective use of resources. It is unfair to UC and CSU to constitute 60 percent of the unprotected 15 percent of the state budget, and implies a very low priority by the state for higher education—far lower than public opinion surveys indicate is desired. (Note that over the past decade corrections have risen from 4 to 8 percent of the state budget and higher education has fallen from 14 to 9 percent.) Reorientation of state priorities involves not only corrections but also Propositions 13, 4, 98 and federal controls over expenditures, among other limitations on action.

The state should be in a position to finance additional students and at least at current real costs per student. (Note that real costs nationwide for all institutions per student for “education and general” expenditures have risen historically: 1930 - \$2,700, 1960 - \$5,500, 1990 - \$7,800. Thus an increase of 40 percent over a period of 30 years from 1960 to 1990, and nearly 200 percent from 1930 to 1990.) Holding real costs steady (based on some “normal” year or years), if that should prove possible during the duration of even a temporary period of scarce resources, would be a very significant contribution by higher education. This would mean that higher education was raising its costs parallel with those of the nation as a whole rather than at a higher rate. This has not been the record of the past.

6 *Redistribution of state resources among segments*

More use of the private sector (via funds to the California Student Aid Commission)

More use of community colleges

Increase cooperative efforts between and among systems, as, for example, the joint doctorate between UC and CSU

7 *Better use of resources within segments under leadership by the segments*

Year-round operations

More use of auxiliary faculty particularly in areas not oriented toward instruction and research closely related to new knowledge

Faculty teaching expectations reviewed (while noting that faculty members generally now work a 40-60 hour week). Faculty leaders have indicated a willingness to engage in such a review both from the point of view of use of resources and of equity among faculty members.

More independent study outside organized classes

Coordinate actual admission eligibility levels to Master Plan commitments

Reduce duplication of efforts among campuses particularly at the graduate level, and increase cooperative use of resources among campuses

Reduce expenditures on low utilization departments

Reduce years subsidized by state funds at undergraduate and particularly graduate levels where deemed excessive

*Notation 1* A period of growth can be a good time to concentrate on more effective use of resources. Areas of low utilization can be held steady in their resource support while utilization rises, and new resources can be concentrated on high utilization areas. This takes very careful budgeting. This, in turn, includes the willingness to set tough priorities.

*Notation 2* It is absolutely essential that all academic policies be determined only after

full consultation with faculty and at levels as close to the actual problems as possible, but it must also be recognized that a resource crisis concentrates responsibility at central levels of leadership where the most important decisions about resource use must inevitably be made

*Notation 3* It might be expected that each segment might wish to make an annual report to the Governor and the Legislature on progress in making more effective use of resources

8 *Careful study of new facilities as may be fully necessary, and with clear designation of their academic orientations*

*Note* The best discussion of the historic record, and of the explanations that lie behind it, is by William G. Bowen for the Carnegie Commission (1968). Some of Bowen's statistics go back to 1905. Bowen sets forth the following "fundamental point": "In every industry in which increases in productivity come more slowly than in the economy as a whole, cost per unit of product must be expected to increase relative to costs in general." The question now is whether, in a period of crisis, such increases "must be expected" to continue in full in accordance with this historical record.

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# CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

THE California Postsecondary Education Commission is a citizen board established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature

## Members of the Commission

The Commission consists of 17 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. Six others represent the major segments of postsecondary education in California. Two student members are appointed by the Governor.

As of February 1995, the Commissioners representing the general public are:

Henry Der, San Francisco, *Chair*  
C. Thomas Dean, Long Beach  
Elaine Alquist, Santa Clara  
Mim Andelson, Los Angeles  
Jeffrey I. Marston, San Diego  
Guillermo Rodriguez, Jr., San Francisco,  
*Vice Chair*  
Melinda G. Wilson, Torrance  
Linda J. Wong, Los Angeles  
Ellen F. Wright, Saratoga

Representatives of the segments are:

Roy T. Brophy, Fair Oaks, appointed by the Regents of the University of California,  
Yvonne W. Larsen, San Diego, appointed by the California State Board of Education,  
Alice Petrossian, Glendale, appointed by the Board of Governors of the California Community Colleges,  
Ted J. Saenger, San Francisco, appointed by the Trustees of the California State University, and  
Kyhl Smeby, Pasadena, appointed by the Governor to represent California's independent colleges and universities, and  
*vacant*, representing the Council for Private Postsecondary and Vocational Education

The two student representatives are:

Stephen Leshner, Meadow Vista  
Beverly A. Sandeen, Costa Mesa

## Functions of the Commission

The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory body to the Legislature and Governor, the Commission does not govern or administer any institutions, nor does it approve, authorize, or accredit any of them. Instead, it performs its specific duties of planning, evaluation, and coordination by cooperating with other State agencies and non-governmental groups that perform those other governing, administrative, and assessment functions.

## Operation of the Commission

The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Warren Halsey Fox, Ph.D., who is appointed by the Commission.

Further information about the Commission and its publications may be obtained from the Commission offices at 1303 J Street, Suite 500, Sacramento, California 95814-2938, telephone (916) 445-7933 or Calnet 485-7933, FAX (916) 327-4417.

# Who Will Take Responsibility for the Future of California Higher Education? A Statement by Clark Kerr

## Commission Report 93-21



ONE of a series of reports published by the California Postsecondary Education Commission as part of its planning and coordinating responsibilities. Single copies may be obtained without charge from the Commission at 1303 J Street, Suite 500, Sacramento, California 95814-2938. Recent reports include

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- 93-11 *Student Fees and Fee Policy at the California Maritime Academy* A Report to the Governor and Legislature in Response to Supplemental Report Language of the 1992 Budget Act (June 1993)
- 93-12 *Proposed Establishment of the Vacaville Higher Education Center of the Solano County Community College District* A Report to the Governor and Legislature in Response to a Request from the Board of Governors of the California Community Colleges (June 1993)
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- 93-22 *Creating a Campus for the Twenty-First Century* ♦ The California State University and Fort Ord (October 1993)